

## **CORRECTED FISCAL NOTE**

### **HB 2412 - SB 2502**

March 6, 2002

**SUMMARY OF BILL:** Allows the Department of Health to provide grants from the Nursing Home Resident Protection Fund for community programs that increase community involvement with nursing homes. Requires the department to appoint one or more special monitors from the Division of Health Care Facilities to nursing home facilities during a suspension of admissions or if a Type B civil fine has been imposed on the facility. The Commissioner of Health may appoint a special monitor from the division if a Type C civil fine has been imposed or the commissioner believes that the facility has deficiencies detrimental to the direct care of patients. One monitor is to be at the facility at all times until deficiencies are corrected and six additional monitor positions are created within the division. Any facility receiving a Type A or B civil penalty within the last year must appear before the board at its next licensing renewal. The facility is to explain to the board's satisfaction how the facility corrected deficiencies, why its license should be renewed, and how it will ensure that it will not be cited for future deficiencies. The board can renew the license for a six-month period.

Currently nursing homes are required to provide a minimum of two hours of direct care to each patient every day, including 0.4 hours of care by licensed nursing personnel. The bill increases the requirement to two hours and is increased over the next three years until each patient receives a minimum of 3.5 hours of direct care every day. Any increase in funds paid to nursing homes for medical assistance, in addition to funds appropriated in fiscal year 2001-2002, can be spent only to increase the number of direct patient-contact personnel to achieve the increased minimum number of hours. Requires the division to provide annual nursing home facility reports to the General Assembly, containing such information to be determined by the Speakers of the House and Senate through the advice of both General Welfare Committees.

### **ESTIMATED FISCAL IMPACT:**

On February 18 we issued a fiscal note on this bill indicating an estimated impact of:

*Increase State Expenditures - \$272, 600 Recurring and \$26,400 One-Time  
Increase State Revenues - Not Significant.*

*Other Fiscal Impact – Authorizes the Department of Health to make grants from the Nursing Home Resident Protection Fund in an undetermined amount. Current balance of the fund is \$300,000. Restricts the use of any increased funding pursuant to Title 71 for the purpose of meeting the requirement for increased minimum hours of care.*

Based on additional information, we estimate the fiscal impact to be:

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**Increase State Expenditures - \$21,865,800 Recurring  
\$26,400 One-Time**

**Increase State Revenues - Not Significant**

**Other Fiscal Impact - Increase Federal Expenditures - \$38,981,800**

**Other Fiscal Impact - Authorizes the Department of Health to make grants from the Nursing Home Resident Protection Fund in an undetermined amount. Current balance of the fund is \$300,000. Restricts the use of any increased funding pursuant to Title 71 for the purpose of meeting the requirement for increased minimum hours of care.**

Estimate assumes:

- An addition of six new monitor positions and related expenditures in the Department of Health.
- A not significant increase in revenue from civil penalties.
- The requirement for an additional one-half hour direct care for each nursing home resident in the first year will increase TennCare/Medicaid cost for nursing home by some \$60,575,000. The estimate is based on one-half hour of care for 40,000 patients at \$15 per hour for 365 days. TennCare/Medicaid currently pays nursing homes at the 65<sup>th</sup> percentile of total cost. The total amount is reduced by the \$10.6 million budgeted for FY02-03.

## **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director